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BEFORE THE ARIZONA CORPORATIC

IN THE MATTER OF:

MICHAEL T. BELL, a single man,

SHAWN R. SALAZAR, a married man,

ADAMAS INVESTMENTS, LLC, a Nevada
limited liability company,

Respondents.

DOCKET NO.

S-20707A-09-0498

PREHEARING
CONFERENCE

At: Phoenix, Arizona

Date: December 17, 2009

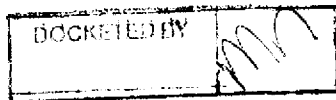
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1 BE IT REMEMBERED that the above-entitled and
2 numbered matter came on regularly to be heard before the
3 Arizona Corporation Commission, in the Second Floor
4 Conference Room of said Commission, 1200 West Washington
5 Street, Phoenix, Arizona, commencing at 9:34 a.m., on
6 the 17th day of December, 2009.

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BEFORE:

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MARC E. STERN, Administrative Law Judge

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APPEARANCES:

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13 For the Arizona Corporation Commission Securities
14 Division

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Mr. Aaron S. Ludwig
Staff Attorney, Securities Division
1200 West Washington Street
Phoenix, Arizona 85007

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For the Respondents:

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Mr. Douglas F. Behm
14362 North Frank Lloyd Wright Boulevard
Suite 1000
Scottsdale, Arizona 85260

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1 ALJ STERN: This prehearing conference is now
2 open in the matter of Michael Bell, et al., in Docket
3 No. S-20707A-09-0498.

4 My name is Marc Stern. I'll preside today, and
5 we'll take appearances. And on behalf of the Division?

6 MR. LUDWIG: Aaron Ludwig.

7 ALJ STERN: Okay, and on behalf of the
8 respondent?

9 MR. BEHM: Douglas Behm for all respondents.

10 ALJ STERN: All respondents, okay.

11 Mr. Ludwig, have you had a chance to discuss
12 this matter with counsel for the respondents?

13 MR. LUDWIG: Well, I have had a chance to talk
14 with him. I would like to point out the obvious fact
15 that I'm the new, newly assigned attorney to this
16 matter. It was previously assigned to Rachel Strachan.
17 She's no longer with the office.

18 ALJ STERN: Uh-huh.

19 MR. LUDWIG: And that transfer of the file only
20 occurred after Thanksgiving.

21 ALJ STERN: Okay.

22 MR. LUDWIG: But again, to answer your question,
23 I have had a chance to talk to Mr. Behm. We may have
24 fruitful negotiations, or more fruitful negotiations, if
25 we have a chance to speak further. And I don't

1 necessarily mean this morning, I mean just over the next
2 few days or weeks. But that's the long answer. Yes, we
3 have had a chance to have discussions.

4 And so, generally, as you know, management at
5 the Division encourages Staff attorneys to push for a
6 hearing date, even though we have had some discussions.
7 So I will leave you with that.

8 ALJ STERN: All right. Mr. Behm, you represent
9 Mr. Bell and Mr. Salazar, correct?

10 MR. BEHM: And Adamas.

11 ALJ STERN: And Adamas.

12 MR. BEHM: Right.

13 ALJ STERN: Let me ask you this, have you filed
14 your answer yet, or no?

15 MR. BEHM: Yes.

16 ALJ STERN: Oh, okay.

17 MR. BEHM: We filed it yesterday.

18 ALJ STERN: I just didn't get it yet.

19 Okay, well, I guess since you're a little bit
20 behind on this, Mr. Ludwig, if you just got assigned in
21 this matter --

22 As I recall the notice, there were a few
23 investors, around 15, 20, something like that?

24 MR. LUDWIG: That sounds about right.

25 ALJ STERN: All right. And in terms of there is

1 some loss of funds in this particular case, this is not
2 a proactive type thing where no investors lost any
3 money?

4 MR. LUDWIG: That's correct, it's not one of
5 those.

6 ALJ STERN: All right. In fact, it seems to be
7 over a million, or some such number, right?

8 MR. LUDWIG: Yes, that is correct.

9 ALJ STERN: Okay. Are the respondents all
10 domiciled here in Arizona, or --

11 MR. BEHM: There are the two -- no, actually
12 they aren't. One, Bell is, resides in Arizona, Salazar
13 resides in California, and Adamas is a Nevada
14 Corporation.

15 ALJ STERN: Okay.

16 MR. BEHM: But its principal place of business
17 is here.

18 ALJ STERN: Okay. Would you like me to set this
19 for a status conference in a month or so? What is your
20 preference?

21 MR. LUDWIG: That would not be too bad of an
22 idea. That would give us an opportunity to discuss
23 settlement further, and it would also give me an
24 opportunity to get my hands around the extent of the
25 witness testimony and the exhibits, exhibits that we

1 would need for trial.

2 So, yeah, I guess we would have a better idea of
3 where we are at.

4 ALJ STERN: Okay. Why don't we do this, if you
5 want the date today, I can check and see what's
6 available next month or the beginning of February.
7 Otherwise, I can just send one out.

8 How does your schedule look, Mr. Behm?

9 MR. BEHM: Beginning of February is good. Mid
10 to late January isn't as good, but the beginning of
11 February looks pretty wide open.

12 ALJ STERN: All right. How about you,
13 Mr. Ludwig, does that sound okay with you?

14 MR. LUDWIG: It does.

15 ALJ STERN: Okay. Let's just take a few
16 minutes. I'll recess so I can see some dates and I can
17 let you know. That way we won't have a problem with
18 having to continue something if it conflicts.

19 MR. LUDWIG: Okay.

20 (Recess taken from 9:39 a.m. to 9:48 a.m.)

21 ALJ STERN: Okay. Returning to the record, we
22 have had a brief off-the-record discussion.

23 We'll set a status conference for February 4th
24 at 10:00 a.m. I have another matter, two matters
25 scheduled that day, but I can arrange them around this.

1 So 10:00 a.m. on the 4th, and I will put out a
2 Procedural Order advising you.

3 And in the meantime if you can resolve things,
4 that would be nice to, all right?

5 MR. LUDWIG: Very good.

6 MR. BEHM: Thank you, Judge.

7 ALJ STERN: Thank you. That concludes this
8 matter this morning.

9 (The proceedings concluded at 9:48a.m.)

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1 STATE OF ARIZONA)
) ss.
2 COUNTY OF MARICOPA)

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I, KAREN L. KESSLER, RPR, Certified Reporter
No. 50821 for the State of Arizona, do hereby certify
that the foregoing printed pages constitute a full, true
and accurate transcript of the proceedings had in the
foregoing matter, all done to the best of my skill and
ability.

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WITNESS my hand this 3rd day of January, 2010.

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KAREN L. KESSLER, RPR
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